

Message Text

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ACTION EB-07

INFO OCT-01 AF-10 EUR-12 ISO-00 AID-05 CEA-01 CIAE-00
COME-00 FRB-01 INR-07 NSAE-00 EPG-02 SP-02 STR-04
TRSE-00 LAB-04 SIL-01 OMB-01 SSO-00 INRE-00 IGA-02
/060 W

-----117161 191713Z /43

O R 191601Z JUL 77

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC IMMEDIATE 2377

USDA/FAS WASHDC IMMEDIATE

AMEMBASSY BRUSSELS

AMEMBASSY PARIS

INFO AMCONSUL KADUNA

AMCONSUL IBADAN

UNCLAS LAGOS 08069

USEEC

USOECND

E.O. 11652: N/A

TAGS: EAID, EPEP, EAGR, ENRG, EFIN, EWWT, US, NI

SUBJECT: NIGERIA REQUESTS CONCESSIONAL SALE FEEDGRAINS (CORN)

REF: A) LAGOS 7981, B) LAGOS 6008 (TOFAS 59)

SUMMARY: COMMISSIONER OF AGRICULTURE SUMMONED ME TODAY TO REQUEST THAT USG SELL FMG "ON CONCESSIONAL BASIS" UP TO 50,000 METRIC TONS CORN IN 100-LB. BAGS TO BE MILLED INTO FEEDGRAIN FOR POULTRY, PIGS AND RABBITS. DELIVERY OVER 12-18 MONTHS BEGINNING SEPTEMBER. CITED HIGH COST GRAIN HERE AND CONSEQUENT HIGH COST TO PUBLIC OF EGGS AND MEAT AS REASON FOR REQUEST. COMMISSIONER INDICATED FMG HAS DISCARDED PL-480 APPROACH. I PROMISED AT LEAST PARTIAL RESPONSE BEFORE WEEKEND. END SUMMARY.

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1. ACCOMPANIED BY ACTING ECON CHIEF AND AGATT SPECIALIST (AGATT TRAVELING INALD), I CALLED ON COMMISSIONER OF AGRICULTURE B.O.W. MAFEMI AND HIS STAFF JULY 19 AT COMMISSIONERS REQUEST. COMMISSIONER SAID FMG WISHES BUILD UP FEEDGRAIN SUPPLIES AND IS APPROACHING FRIENDLY COUNTRIES FOR ONE-TIME GOVERNMENT-TO-GOVERNMENT CONCESSIONAL SALES TOTALLING 50,000 METRI TONS OF FEEDGRAINS TO BE PROCESSED INTO FEED (FOR POULTRY, PIGS AND

RABBITS. COMMISSIONERS STAFF SAID DELIVERY DESIRED OVER 10-12 MONTHS BEGINNING SEPTEMBER BUT COMMISSIONER BELIEVES 12-18 MONTHS MAY BE MORE REALISTIC IN VIEW NIGERIAN PORT CONGESTION. FMG HOPES US WILL SUPPLY MOST IF NOT ALL OF 50,000 TONS REQUIRED.

2. WE IDENTIFIED NO. 2 CORN AS DESIRED COMMODITY. NIGERIANS SAID SORGHUM IS SECOND CHOICE BUT FOR EASE OF PROCESSING DESIRE ONLY ONE TYPE OF GRAIN. COMMISSIONER SAID MAIN OBJECTIVE IS TO OBTAIN SUPPLIES AS QUICKLY AND AS CHEAPLY AS POSSIBLE. HE THINKS THIS WOULD BE ONE-TIME DEAL AS NIGERIA HOPES DEVELOP OWN FEEDGRAIN CAPACITY BY 1979.

3. COMMISSIONER SAID HE REALIZES IT WOULD BE DIFFICULT JUSTIFY PL-480 FOR NIGERIA. ALSO SEEMED UNINTERESTED IN BARTER, PREFERRING TO "BARTER MONEY FOR CORN." HE SAID NIGERIA PROBABLY COULD OBTAIN CONCESSIONAL SUPPLIES THROUGH INTERNATIONAL AGENCIES BUT CANNOT WAIT FOR THEIR BUREAUCRACIES TAKE ACTION. GAVE NO SPECIFIC JUSTIFICATION FOR REQUESTING CONCESSIONAL TERMS FROM US BUT SPOKE GENERALLY OF FRIENDLY US-NIGERIAN RELATIONS AND FMGS BUDGET PINCH. IN COURSE CONVERSATION IT DEVELOPED THAT WHEN COMMISSIONER REFERS TO CONCESSIONS, HE MEANS (1) DELIVERY UNUSUALLY PROMPTLY, (2) BARGAIN-RATE SHIPPING CHARGES, (3) LOW GRAIN PRICES, (4) FAVORABLE CREDIT TERMS. WHILE AMOUNT INVOLVED THIS TRANSACTION ONLY DOLS 5 MILLION, REQUEST ILLUSTRATES FINANCIAL PRESSURE FMG PERCEIVES.

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4. AS BACKGROUND, COMMISSIONER SAID FEEDGRAIN PRICE LOCALLY PROHIBITIVELY HIGH. MILLS, WHICH ARE MOSTLY PRIVATE BUT INCLUDE A FEW SMALL-SCALE STATE GOVERNMENT MILLS, WORKING AT 40 PER CENT OF CAPACITY. FARMERS WITHDRAWING FROM MARKET BECAUSE THEY CANNOT AFFORD GRAIN AND PUBLIC CANNOT AFFORD EGGS AND MEAT. (WE CAN VERIFY THAT IN LAGOS EGGS NOW COST OVER DOLS 3 PER DOZEN.) GRAINS OBTAINED THROUGH THIS PURCHASE WOULD BE DISTRIBUTED BOTH PRIVATE AND GOVERNMENT MILLS UNDER PROCEDURES WHICH WOULD ENSURE THAT CONCESSION REACHED FINAL CONSUMER, COMMISSIONER ASSERTED.

5. ON LOGISTICS, NIGERIANS SAID THEY STILL CONSULTING NIGERIAN PORTS AUTHORITY (NPA) ABOUT OPTIMUM SHIPPING ARRANGEMENTS BUT BELIEVE DELIVERIES CAN BEGIN EARLY SEPTEMBER. COMMISSIONER PREFERS DELIVERIES THROUGH LAGOS, NOTING THAT FERTILIZER SHIPMENTS THROUGH PORT HARCOURT NOT RPT NOT GOING WELL. SAID LAGOS CAN TAKE 10,000-TON SHIPS WHILE PORT HARCOURT MAXIMUM IS 7-8,000 TONS. WE SUGGESTED OPTIMUM DELIVERY MIGHT BE 5,000 TONS PER SHIP BUT ALL AGREED DEFER TO NPA ON THIS. NIGERIANS CANNOT HANDLE BULK DELIVERY SO SPECIFIED 100-LB. JUTE BAGS WHICH CAN BE UNLOADED QUICKLY. ONE OFFICIAL STATED THERE ARE TWO BERTHS EACH IN LAGOS AND PORT HARCOURT WHICH AVAILABLE FOR THESE SHIPMENTS.

6. NIGERIANS SAID THIS DEAL ENTIRELY SEPARATE FROM EARLIER REQUEST (REF B), WHICH CAME FROM OPERATION FEED AND NATION COMMITTEE, FOR 4,000 TONS FEEDGRAINS AND PREMIXES ON COMMERCIAL BASIS, BUT ADDED THAT THIS REQUEST NOW WOULD BE LOWERED TO 2,000 TONS PREMIXES ONLY.

(AGATT STILL AWAITING RESPONSE TO QUOTATIONS THIS REQUEST.)

7. ACTION REQUESTED: PLEASE ADVISE BEST TERMS POSSIBLE UNDER ANY APPROPRIATE PROGRAM, INCLUDING BARTER IF THAT SEEMS FEASIBLE. AS I DEPART LATER THIS WEEK, DESIRE AT LEAST PARTIAL RESPONSE, HOWEVER TENTATIVE, THAT I CAN GIVE TO COMMISSIONER BY JULY 22.
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Message Attributes

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Sent Date: 19-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
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Executive Order: N/A
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